UNITED NATIONS

General Assembly

FIFTIETH SESSION

Official Records

FIFTH COMMITTEE
32nd meeting
held on
Tuesday, 28 November 1995
at 10 a.m.
New York

SUMMARY RECORD OF THE 32nd MEETING

Chairman:	Mr. VILCHEZ ASHER	(Nicaragua)
later:	Mr. AMARI (Vice-Chairman)	(Tunisia)
later:	Mr. ABELIAN (Vice-Chairman)	(Armenia)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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(b) RELOCATION OF UKRAINE TO THE GROUP OF MEMBER STATES SET OUT IN PARAGRAPH 3 (c) OF GENERAL ASSEMBLY RESOLUTION 43/232

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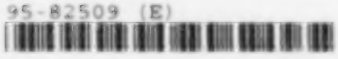

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 118: JOINT INSPECTION UNIT (A/49/34, A/49/423, A/49/560, A/49/629 and A/49/632; A/50/34, A/50/113 and Add.1, A/50/125 and Add.1, A/50/126 and Add.1, A/50/140 and Add.1, A/50/459/Add.1, A/50/503 and Add.1, A/50/507, A/50/509, A/50/571, A/50/572, A/50/686, A/50/692, A/50/721, A/50/742, A/50/753, and A/50/780; E/1993/119 and Add.1)

1. Mr. BOUAYAD-AGHA (Chairman of the Joint Inspection Unit), introducing the annual report of the Joint Inspection Unit (JIU) (A/50/34), said that, although JIU had fully understood the thrust of the General Assembly's decision regarding biennial reporting, the changing requirements of the participating organizations and the emphasis given to oversight functions throughout the United Nations system seemed to suggest a need to revert to an annual cycle for the consideration of JIU reports. It should be borne in mind that the reports of the Office of Internal Oversight Services were considered annually.

2. The General Assembly, in its resolutions 43/221 and 45/237, had requested the Secretary-General to ensure that the secretariat of JIU would have an effective capacity for research and analysis. Those mandates had not, however, been taken into account by the Secretariat of the United Nations. Moreover, in resolution 48/221 the Assembly had recognized the need to give adequate means to the Unit in order to enable it to carry out its functions and had requested the Secretary-General to consider providing the Unit with extrabudgetary resources and programme support funds for specific activities of inspection, evaluation and investigation in those areas which were linked to those resources.

3. In connection with the proposed programme budget for the biennium 1996-1997, the Unit had proposed an additional P-4 post to be financed through the support account for peace-keeping operations, which would help to give effect to paragraph 13 of resolution 48/221. The Unit had only two possible ways to comply with the request of the General Assembly: either to request additional staff resources, or to redeploy resources from other areas such as development and technical cooperation.

4. The statute of the Joint Inspection Unit clearly defined the procedure for the consideration of the Unit's budget. It had therefore been with much surprise that JIU had learned that its proposals had not been included in the proposed programme budget. It was all the more surprising because there was a clear, common understanding of the need to strengthen both internal and external oversight bodies. Other control bodies had been treated more generously; JIU had received no explanation for the rejection of its proposals.

5. The statute stipulated that the Secretary-General was to provide such office and related facilities and administrative support as the Unit required, and that budget estimates were to be established on the basis of proposals made by the Unit. Over the years, the Unit had demonstrated a high degree of restraint in requesting administrative support. Its secretariat staffing had decreased from 21 to 18 over the past 20 years, despite an increased workload. In its report on the proposed programme budget for 1996-1997 (A/50/7), the Advisory Committee on Administrative and Budgetary Questions (ACABQ) had

recommended that the Secretary-General should report on the steps taken to provide the Unit with the necessary resources and support. The Unit would be grateful for the support and guidance of the General Assembly in that regard.

6. In drawing up the work programme described in its report, JIU had been guided by the fundamental objective of continuing to improve the quality and relevance of its outputs. The programme constituted an important step towards the further shaping of an action-oriented strategy for the Unit's activities. Moreover, since the Unit's current report cycle was from July to June while its work programme had previously covered the period from January to December, and since there was a lack of synchronization between the calendars of meetings of participating organizations and the Unit's work programme, it had been decided to shift the work programme cycle to ensure the timely presentation of the Unit's reports to the pertinent legislative organs, including the General Assembly. The forthcoming work programme for 1995-1996 should therefore be regarded as transitional; it would overlap somewhat with the current programme.

7. As requested in General Assembly resolution 45/237, JIU had for a number of years been including in its annual reports a summary of its reports and recommendations. Experience had, however, shown that exercise to be an unnecessary repetition of recommendations that had been previously approved by the pertinent legislative bodies, including the General Assembly. If the latter did not object, the Unit therefore proposed to discontinue that practice and to concentrate instead on the follow-up to recommendations.

8. Chapter VI of the annual report of JIU, entitled "Measures to enhance the functioning of the Unit", contained a number of key elements which should be the subject of deliberation and agreement among the Member States. Improvement of any activity was a continuous process. The Unit, which welcomed constructive criticism, had remained attentive to all comments and recommendations concerning its performance and had responded to them positively.

9. The General Assembly had emphasized the need to ensure respect for the separate and distinct roles and functions of external and internal oversight mechanisms and had reaffirmed JIU as the only independent system-wide inspection, evaluation and investigation body. The Unit needed more support from Member States, the participating organizations and other associated bodies and concrete conclusions should be drawn from its reports. The General Assembly should continue to pay particular attention to the selection and appointment of inspectors. The Unit was also studying ways of giving more effective leadership roles to its Chairman and Vice-Chairman and of perhaps modifying the practice of rotation.

10. The Unit had so far refrained from exercising its prerogative to make on-the-spot inquiries and investigations without prior notification. The follow-up of its recommendations was the most important phase and was a starting-point for testing their quality and potential impact. The General Assembly had often stressed the need for the secretariats of participating organizations and JIU to develop practical procedures to ascertain compliance with reporting and follow-up procedures. It had also invited the heads of agencies and programmes to observe strictly the time-limits for commenting on the Unit's reports. The issue of timeliness in the presentation of reports and

the production of comments was a matter for common endeavour between JIU and the bodies concerned. It was sometimes difficult for JIU to abide by internal timetables for the completion of its reports. One major difficulty lay in obtaining the required information from the various secretariats in a timely manner.

11. The Unit was taking steps to ensure punctual and systematic follow-up of its reports and recommendations from an early stage until the full implementation of its recommendations as approved by the participating organizations. It intended to request the heads of those organizations to provide timetables for implementation after recommendations were approved by the legislative bodies concerned. The General Assembly might wish to support JIU in that effort.

12. In recent years, JIU had provided the United Nations Secretariat every year with a list of four of its reports issued three or four years earlier, for follow-up by the Secretary-General. The lack of objective criteria for the selection of those reports had, however, shown the practice to be non-operational and restrictive, and the Unit had decided to discontinue it. In any event, all JIU recommendations were subject to follow-up, provided they had been approved by the relevant legislative bodies.

13. The Unit intended to draw on past experience concerning the follow-up of reports. Each of its future reports would provide the General Assembly and all the participating organizations with a clearer, more comprehensive, coherent, and up-to-date follow-up analysis of results. Organizations would thus be better placed to understand the Unit's activities and to contribute their ideas and guidance. The Unit would also seek other measures to improve the process of the consideration and implementation of its individual reports by participating organizations throughout the United Nations system.

14. At a time when Member States demanded much greater management efficiency and transparency, the work of JIU was more important than ever. The Unit stood ready to contribute in a meaningful manner to the transformation of the United Nations into a more effective and useful instrument.

15. Mr. ABRASZEWSKI (Joint Inspection Unit), introducing the report of JIU entitled "Relationship agreements between the United Nations and the specialized agencies: review and strengthening of sections pertaining to the common system of salaries, allowances and conditions of service" (E/1993/119 and Add.1), said that, although the relationship agreements existing between the United Nations and the specialized agencies and the International Atomic Energy Agency, most of which had been concluded between 1946 and 1951, could not reflect all the more recent developments, the articles relating to the common system had been applied relatively well over the years. The question of the review or revision of the relationship agreements was a complex and controversial matter. Before determining its position on the future of the agreements, the Economic and Social Council should have a complete and up-to-date evaluation of their implementation. Ad hoc, partial revision of agreements was not recommended. Consideration should be given to practical ways of enhancing the role of the International Civil Service Commission in the regulation and coordination of conditions of service within the common system. Moreover, the attention of

Member States should be drawn more often to the need to maintain a coherent position on the same matters in different organizations.

16. Introducing the report of JIU entitled "Accountability, management improvement and oversight in the United Nations system" (A/50/503), he said that it was the first inventory and analysis of the subject and established a basis for future efforts to address those problems on a system-wide scale. He hoped that its conclusions and recommendations would assist Member States in their actions to restructure and streamline the system.

17. A strategic and integrated approach to accountability and oversight processes would lead to the elimination of existing gaps and overlaps, and would contribute to the creation of a new management culture in the United Nations system. The report called for the establishment of a single, focal point unit under the executive head of each agency, which would be responsible for managing change and which would address strategic management issues such as contracting out, decentralization, accountability, streamlining, downsizing and performance evaluation. The organizations of the United Nations system should also encourage and support the recent management and accountability efforts of inter-agency bodies.

18. Introducing the report of JIU entitled "Travel in the United Nations: Issues of efficiency and cost savings" (A/50/692), he said that its aim was to come up with specific, practical action-oriented recommendations, addressed either to the General Assembly or to the Secretariat of the United Nations. Its recommendations included the establishment of a lead office which would be responsible for Secretariat-wide coordination of all travel activities; the reorientation of travel units towards the market-oriented functions of monitoring the travel market and taking advantage of emerging opportunities; and the allocation to travel agencies of the responsibility for the task of searching for the least costly fares applicable.

19. Other recommendations suggested improvements such as the development of comprehensive and updated rules and procedures for travel, and improved control of travel through programme budgeting and oversight by making programme managers directly responsible and accountable for formal and substantive control of travel, by establishing the fungibility of travel and related expenditures and by motivating programme managers and their staff to be driven more by efficiency and cost-consciousness, than by the budget.

20. Still other recommendations dealt with issues such as the use of credit cards for travel, the introduction of computer-assisted processing of travel documents, improvements in the lump-sum option for travel, relationships with providers of travel services, and teleconferencing as a possible alternative to reduce travel requirements.

21. Under the section on options for rationalizing and improving the various components of the present system of travel it was recommended that the General Assembly should review the current formula for determining applicable airfares, in particular the requirement of "the most direct and shortest route", and the rationale of maintaining the nine-hour flight duration, as a criterion of business-class accommodation, in order to ascertain their relevance and impact

on the cost-effectiveness of air travel. As for travel expenses other than those relating to transportation, such issues as the current daily subsistence allowance system as compared to a system based on expenses actually incurred, and free services and benefits provided to travellers were discussed. Finally, the issue of system-wide coordination in travel was addressed.

22. Mr. Amari (Tunisia), Vice-Chairman, took the Chair.

23. Mr. HENNES (Joint Inspection Unit), introducing the report of the Joint Inspection Unit entitled "Management of buildings in the United Nations system" (A/49/560), said that the report had been prepared in response to a request from a participating organization and was part of a series of system-wide investigations for which JIU was uniquely mandated. The most important recommendation in the report, was that executive heads and governing bodies of organizations of the United Nations system should assure sufficient and regular funding of building maintenance to enable building managers to carry out preventive maintenance and pre-maintenance schedules with respect to installations, services and equipment; establish and maintain monitoring and inspection systems, and benefit from the ability to accomplish timely major repairs and replacements through the establishment of building funds supported by fixed annual contributions. Although no one had disagreed that saving money at the expense of adequate building maintenance was both dangerous and expensive in the medium or long term, the Inspectors had found that, faced with severe financial constraints, virtually all governing bodies of United Nations organizations had appreciably reduced their budgets in real terms for building management and maintenance. He urged the Fifth Committee to provide appropriate budgetary guidance to the Secretary-General on that subject and to instruct the Advisory Committee to monitor the implementation of that guidance.

24. Introducing the report of JIU entitled "Management in the United Nations: work in progress" (A/50/507), he said, that after months of investigation and analysis, he remained somewhat pessimistic about the prospects for meaningful management improvement in the United Nations, having become increasingly aware of the fearsome obstacles facing the Secretary-General and his managerial team in their efforts to combat the excessively poor managerial culture in most areas of the Organization. He was, however, convinced that the Secretary-General was providing strong policy leadership towards improving that culture and fully supported the crucial managerial role of the Under-Secretary-General for Administration and Management.

25. As the report indicated, there had been managerial progress in the following six areas: human resources strategy and planning, programming planning and budgeting, management training, the new performance appraisal system, internal oversight, and management information systems. Progress had, however, not been satisfactory in the areas of policy guidance and instructions, performance management, the administration of justice and management improvement. The Joint Inspection Unit had therefore recommended that the Secretary-General should establish a small but full-time unit for integrated strategic planning, systematic and transparent monitoring and enhancement of the new system of accountability and responsibility, and the "management of change"; and that the Secretary-General should ensure that specific objectives, together with dates for their completion, were included in all unit work plans in the

Secretariat and in any reports to intergovernmental bodies on the status and progress of individual programmes and major activities and in reviews made by internal and external oversight bodies. He was glad to report that the recommendation for a strategic planning unit had been well received and was being implemented.

26. Aware of the intense work pressure faced by the Fifth Committee as evidenced by a flood of documents and a formidable array of agenda items, the Joint Inspection Unit recommended that to help overcome the weakness of United Nations performance reporting, the Fifth Committee might wish to consider a series of measures to make Secretariat management and performance reporting to it more understandable, timely, action-oriented and focused, and that, to fulfil its central role in the new accountability and responsibility system more adequately, the Fifth Committee might wish to consider actions to reassess its workflows and annual calendar and to establish small, professionally qualified subcommittees, with minimal but full-time staff to divide tasks, enhance specialization and focus much more clearly and forcefully on major management and oversight issues and processes. Those small expert subcommittees should not prejudice the functions of existing bodies and organs elsewhere in the intergovernmental structure.

27. Mr. KRASULIN (Joint Inspection Unit), introducing the report of the Joint Inspection Unit entitled "Sharing responsibilities in peace-keeping: the United Nations and regional organizations" (A/50/571), said that, as the number of United Nations peace-keeping operations had increased dramatically in recent years, the capacity of the United Nations to carry out activities for peace and security had been overstretched. Accordingly, there was now a need to share responsibilities in collective security with other organizations. The report sought to contribute to current efforts to increase the involvement of regional organizations in collective security in the hope that that would ease the burden on the United Nations.

28. Among the recommendations contained in the report was one calling for the preparation and presentation for consideration by the General Assembly of a comprehensive strategic programme of cooperation with regional organizations in peace-keeping and other peace-related activities, the aim of which should be to decentralize peacemaking activities and enhance the role of regional organizations, while ensuring that the primary responsibility in such matters remained with the United Nations Security Council. A project team composed of representatives of all departments concerned and of some of the regional organizations targeted should be established for the elaboration of the programme.

29. Other recommendations called for the conclusion of bilateral framework agreements between the United Nations and regional organizations concerning practical aspects of peace-keeping and other peace-related activities, and the creation of a mechanism for cooperation between the United Nations and regional organizations which would institutionalize periodic meetings between the Secretary-General of the United Nations and the heads of regional organizations, with the participation of specialized agencies, to review the status of cooperation and explore new steps towards further progress in the field. A permanent working group composed of representatives of the United Nations and

regional organizations should be established for the practical implementation of the recommendations of high-level meetings and for dealing with current issues. Lastly, the report included a recommendation calling for eligibility for receiving United Nations training and advisory services related to peace-keeping to be extended to regional organizations, and one regarding the possibility of establishing voluntary trust funds to finance United Nations training programmes for the peace-keeping activities of regional organizations.

30. Mr. DJACTA (Algeria) reaffirmed his delegation's support of the Joint Inspection Unit and stressed the need to enable it to carry out in full the mandates it shared with the Board of Auditors with regard to the inspection, evaluation and investigation of the United Nations system and to make general recommendations for the proper functioning of the system as a whole, in particular with respect to management and finances. In that regard, he noted the positive changes that had occurred within JIU, in particular the improved quality of the reports submitted to the Fifth Committee, the clear evidence of a greater collective effort in its work, and the Unit's willingness to devise a work programme that met the concerns of the Fifth Committee. Those improvements, which had taken into account the guidance provided by the Committee, deserved its support. In resolution 48/221, the General Assembly had reaffirmed the statute of the Joint Inspection Unit as the only independent system-wide inspection, evaluation and investigation body, and had recognized the need to give adequate means to the Joint Inspection Unit in order to enable it to carry out its functions. It was important to give careful consideration to the various reports prepared by JIU and to implement the recommendations contained therein. The implementation of the recommendations would not only lead to substantial savings at a time when the Organization was facing a serious financial crisis; they were also aimed at improving the efficiency and productivity of the Organization. His delegation therefore believed that a mechanism should be established to follow up the recommendations of JIU and that the Unit should be encouraged to pursue its work for the benefit of the United Nations system as a whole and of all Member States.

AGENDA ITEM 138: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS

(a) FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (A/49/717 and Corr.1 and 2 and A/49/904)

(b) RELOCATION OF UKRAINE TO THE GROUP OF MEMBER STATES SET OUT IN PARAGRAPH 3 (c) OF GENERAL ASSEMBLY RESOLUTION 43/232

31. Mr. TAKASU (Controller) said it was clear from recent events that there would be a drastic reduction in the budgets for peace-keeping operations in 1996, which would seriously affect the number of posts funded by the support account. That would, in turn, have serious implications for the capacity of the Secretariat to provide backstopping for peace-keeping operations, whether ongoing or completed. Some action by the General Assembly would be required until the impact of the budgetary reductions was taken fully into account.

32. As the number of peace-keeping operations had increased, a number of "overload posts" to deal with the increased workload at Headquarters had been

financed from the various peace-keeping budgets. It had, however, gradually become clear that identifying an overload post with a specific mission was arbitrary and inappropriate since those holding such posts performed tasks for various missions. A support account had therefore been established by the General Assembly effective 1 January 1990. In 1991, a financing formula had gone into effect under which overload posts were to be financed though the inclusion in the respective peace-keeping budgets of an amount equal to 8.5 per cent of the civilian costs for each ongoing mission. That formula was based on the ratio of the aggregate total cost of the existing 92 overload posts to the aggregate total cost of the total number of civilian mission posts approved for the five peace-keeping missions operating at that time. The operational requirements of the three military missions, which had been stable for a number of years, were at maintenance level; the other two missions were observer missions. None of those missions required backstopping of the complexity required by more recent missions.

33. The 8.5 per cent financial formula had been a pragmatic choice, the purpose of which was to generate sufficient income to finance the cost of the existing overload posts for the duration of the peace-keeping operation. The formula had not taken into account activities arising from the termination or dismantling of missions. The Secretary-General, supported by the Advisory Committee, had noted that the formula was a first step which would be subject to review and adjustment.

34. It was well known that the number, scope and scale of peace-keeping operations had increased dramatically since 1992, reaching a total of 17 in 1994. That had given rise to an unprecedented increase in the scope, scale and complexity of the backstopping tasks required to provide managerial, legal, technical and administrative support for peace-keeping.

35. The Secretary-General had estimated a need for approximately 630 support account posts for peace-keeping operations in 1994. Bearing in mind the estimated level of the support account for that year, calculated on the basis of the original financial formula, the Secretary-General had proposed that 434 support account posts should be established. The General Assembly had, however, approved only 346 temporary posts and 61 temporary positions funded from general temporary assistance, totalling 407 temporary posts and positions.

36. For 1995, the Secretary-General had proposed that 431 temporary posts should be established under the support account fund. On the recommendation of the Advisory Committee, the General Assembly, in its resolution 49/250, had authorized the continuation of the 346 posts previously authorized and the conditional conversion of the 61 positions under general temporary assistance up to 31 January 1996.

37. In the same resolution, the General Assembly had decided to maintain the current methodology of financing the support account at the rate of 8.5 per cent, on the understanding that the percentage would be reviewed annually and for the first time no later than the spring of 1996.

38. In the belief that the Organization would continue its peace-keeping operations in the future and would therefore need a permanent capability to

support such operations, the Secretary-General had, in his proposed programme budget for the biennium 1996-1997, requested the transfer of funding from the support account to the regular budget for 26 core posts involving backstopping activities. That matter was currently under consideration by the Committee. Even with the additional 26 posts, the Department of Peace-keeping Operations would have only 74 posts under the regular budget and the Peace-keeping Financing Division, which currently had no regular budget posts, would have only seven.

39. Taking into account the changes anticipated in various missions, the amount in the support account for 1996 would, as a preliminary estimate - which was subject to change - be only $16.5 million; that was about half of the 1995 total of $33 million. In previous years, unencumbered balances had been made available because of the time-lag between the Secretary-General's proposal, the General Assembly's approval and the actual recruitment of staff. For 1996, however, there would be no unencumbered balance carried over from the previous year.

40. Fully cognizant of his responsibility to ensure that staffing requirements did not exceed the amount available in the support account, the Secretary-General had instituted two measures in November 1995 which were intended to reduce support account staffing requirements: first, an immediate freeze on all recruitment against support account temporary posts and, second, the extension of all expiring short-term and fixed-term appointments only after a review on a case-by-case basis. In addition, the departments concerned had been instructed to prepare and submit their support account requirements for 1996 and to provide information on how the drastic reduction in support account income would affect their ability to carry out backstopping activities. On the basis of those reports, the Secretary-General would be conducting a comprehensive review of the situation and would submit a corresponding report to the Advisory Committee and to the General Assembly in February 1996.

41. It was apparent to the Secretary-General that the drastic cut in support account income resulting from the reduction of peace-keeping budgets could not be offset simply by an immediate and proportionate reduction in the total workload and staff needed to carry it out. Backstopping would naturally continue for current missions and for those missions which were about to be terminated, reduced or redefined. Backstopping would also continue with regard to the following already completed missions: the United Nations Transitional Authority in Cambodia (UNTAC); the United Nations Operation in Somalia (UNOSOM); and the United Nations Operation in Mozambique (ONUMOZ).

42. A reduction in the support account staffing resources currently allocated to the Department of Peace-keeping Operations would undoubtedly have significant consequences. The Department, in particular its Field Administration and Logistics Division, was faced with a period of intense activity which included planning for the drawdown and closure of operations, arrangements for the repatriation of personnel and equipment, the separation and reassignment of staff, the commercial disposal of assets and other administrative and financial tasks associated with the liquidation process. Disposal of assets would take place under conditions totally different from those experienced earlier;

transfer of equipment to other missions would be limited and commercial disposal would be carried out on a large scale.

43. The Secretariat was also in the process of developing effective responses to meet the needs of peace-keeping operations. A number of measures had been taken and other projects were in various stages of completion, including new arrangements for contingent-owned equipment, the updating of the Standard Costs Manual and the Field Administration Handbook, and the completion of the operational manual. The dramatic decrease in support account posts would undoubtedly slow down those tasks and could even jeopardize the Organization's ability to provide effective support for its peace-keeping operations.

44. Other departments and offices would also be affected by the reduction in support account income. The Office of Legal Affairs would be compromised in its ability to provide adequate legal coverage and representation and to protect the Organization's interests. The Purchase and Transportation Service would be impeded in its efforts to provide procurement and contract support for peace-keeping operations in a timely and cost-effective manner and to carry out the procurement reform measures recommended by an expert group. The Peace-keeping Financing Division would find it much more difficult to produce the peace-keeping budget proposals and performance and other reports in a timely manner and to perform its monitoring functions. The Accounts Division would be severely limited in its ability to produce financial statements of ongoing and completed missions and to process reimbursements to troop contributors and payments to vendors.

45. Since the overall peace-keeping budgets were to be reduced, the volume of backstopping activities would eventually decrease. Just as there had been a time-lag in the provision of backstopping staff during the expansion phase of peace-keeping activities, there should also be a gradual and orderly reduction in backstopping staff to accommodate the remaining workload.

46. The current financing formula had not foreseen the recent expansion of the role and responsibilities of the Secretariat in backstopping peace-keeping operations, or the continuing backstopping requirements following the completion of a mission. Two factors were of particular importance in that regard. The first was the scope, scale and complexity of the work involved during the liquidation, closure and post-closure phases of a mission. Completed missions did not generate income for the support account but continued to require backstopping activities. During the expansion phase of peace-keeping, backstopping of completed missions had been absorbed within available resources. During the current phase of reduction, that would no longer be possible.

47. The second factor was the change in the ratio of military and civilian components of peace-keeping operations. In 1990, there had been approximately 10,000 military and 5,000 civilian personnel; in 1994, there were 75,000 military personnel and 13,000 civilian personnel. The increase in the military component had significantly transformed the Secretariat's administrative backstopping requirements. It was also one of the considerations which had led the Office of Internal Oversight Services to recommend that the current financing formula for the support account, which was based solely on civilian

costs, should be reviewed. In its recent review of the management of the support account, the Board of Auditors had made the same recommendation.

48. The Secretary-General hoped that the General Assembly would review the current financing formula with a view to providing adequate staffing for the essential backstopping tasks. Since the current formula gave rise to wide fluctuations in the level of the support account, it might be appropriate to establish a separate budget for backstopping requirements, to be financed according to the peace-keeping scale of assessment.

49. Two matters pertaining to the support account required immediate action by the Committee. In its resolution 49/250, the General Assembly had decided to consider, at its fiftieth session, the arrangements beyond 31 January 1996 for the 61 temporary positions and had authorized continued funding under general temporary assistance for the temporary position of Special Adviser to the Secretary-General up to 31 December 1995.

50. The Secretary-General hoped that favourable consideration would be given to the 61 positions, in particular that of the Special Adviser, whose role was vital to peace-keeping. The Controller urged the General Assembly to extend that position for six months, until the start of the new peace-keeping budget cycle, so that its status could be reviewed in the context of the Secretary-General's forthcoming comprehensive report on the support account, which was to be submitted to the General Assembly in February 1996.

51. Mr. Abelian (Armenia), Vice-Chairman, took the Chair.

52. Mr. HUDYMA (Ukraine) said that, although his Government had filed a request with the General Assembly in April 1993 for relocation to group (c) of the scheme for the apportionment of the expenses of United Nations peace-keeping operations, no action had yet been taken. The majority of Member States had acknowledged that the current location of Ukraine in group (b) was paradoxical. He therefore reiterated his Government's request that its assessed contribution should be brought into line with its capacity to pay. Further postponement of action would only worsen an already difficult situation and lead to imbalances in the financial situation of the United Nations. The considerable amount of the arrears owed by his country to the United Nations was a direct consequence of the delay in relocating his State to group (c).

53. Ukraine had been placed in group (b) in 1973 and had remained in that group since it had become independent. Ukraine was the only State among the former Soviet republics and the only Eastern European State which remained in group (b), the group of economically developed countries. In terms of its level of social and economic development, Ukraine should not be placed in that category. According to World Bank data, the per capita gross national product (GNP) of Ukraine had dropped to $1,570 in 1994; that was lower than that of any other country in group (b).

54. Ukraine was still experiencing economic difficulties. According to official data, the output in the State sector continued to decline. During the first six months of 1995, the gross domestic product (GDP) had decreased by 11.4 per cent and industrial output had fallen by 22.4 per cent, compared with

the previous year. The sharpest decline had been recorded in light industry, which had registered a drop of over 40 per cent. The budget deficit amounted to 6 per cent of GDP. Ukraine had suffered considerable economic losses as a result of its strict compliance with the Security Council resolutions imposing sanctions on Yugoslavia and had to exert tremendous efforts to overcome the effects of the Chernobyl accident and to dismantle the Chernobyl power plant. Living standards in Ukraine did not compare favourably with those of the countries in group (b). It would be absolutely unjust to place additional economic burdens on the Ukrainian people as a result of the inflexibility of the system for the financing of peace-keeping operations.

55. In its decisions 48/472 and 49/470, the General Assembly had decided to consider any arrears of Ukraine in the financing of peace-keeping operations as being due to conditions beyond its control and had decided, accordingly, that Article 19 of the Charter of the United Nations would not be applicable. His Government welcomed those decisions, which had allowed it to retain its voting rights in the General Assembly.

56. The question of Ukraine's arrears and the excessive amount of its assessed contribution to peace-keeping operations was under careful review by the President of Ukraine who, in a letter dated 25 September 1995, had requested the Secretary-General to initiate and mediate a settlement. His Government was currently awaiting a response. At the same time, it was aware that a solution to the problem should be sought within the Fifth Committee. He hoped that a decision to relocate Ukraine to group (c) would be taken as soon as possible; that would contribute to the recovery and stabilization of the United Nations financial system.

The meeting rose at 12.20 p.m.

UNITED NATIONS

General Assembly

FIFTIETH SESSION

Official Records

FIFTH COMMITTEE
33rd meeting
held on
Wednesday, 29 November 1995
at 3 p.m.
New York

SUMMARY RECORD OF THE 33rd MEETING

Chairman: Mr. VILCHEZ ASHER (Nicaragua)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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29 December 1995

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The meeting was called to order at 3.15 p.m.

AGENDA ITEM 128: FINANCING OF THE UNITED NATIONS PROTECTION FORCE, THE UNITED NATIONS CONFIDENCE RESTORATION OPERATION IN CROATIA, THE UNITED NATIONS PREVENTIVE DEPLOYMENT FORCE AND THE UNITED NATIONS PEACE FORCES HEADQUARTERS (A/50/696/Add.1; S/1995/987)

1. Mr. TAKASU (Controller) said that in its resolutions 981 (1995), 982 (1995) and 983 (1995) of 30 March 1995, the Security Council had decided to establish three separate, but interlinked, peace-keeping missions in the former Yugoslavia: the United Nations Confidence Restoration Operation in Croatia (UNCRO); the United Nations Protection Force (UNPROFOR) in Bosnia and Herzegovina; and the United Nations Preventive Deployment Force (UNPREDEP) in The former Yugoslav Republic of Macedonia. A theatre headquarters, known as United Nations Peace Forces headquarters (UNPF-HQ), had been retained in Zagreb. The mandate of those missions was due to expire on 30 November 1995.

2. A number of significant developments had taken place just previously. A basic agreement on the region of Eastern Slavonia, Baranja, and Western Sirmium had been signed on 12 November 1995 to provide for the peaceful integration into Croatia of the region known as Sector East. Also, a general framework agreement had been initialled by the Presidents of Bosnia and Herzegovina, Croatia and Serbia on 21 November 1995 in Dayton, Ohio, to provide a basis for the re-establishment of stability in the former Yugoslavia.

3. In his report of 23 November 1995 (S/1995/987), the Secretary-General had therefore recommended that the mandate of UNCRO should be continued for a limited period, during which UNCRO would, to the extent possible, perform its current tasks until the transitional administration was established and an international force deployed to carry out the tasks envisaged in the basic agreement. He had further recommended that the current mandate of UNPROFOR should be extended for two months, or until an appropriate transfer of authority had been executed between UNPROFOR and the new Implementation Force (IFOR), subject to authorization by the Security Council, whichever was sooner. For its part, the mandate of UNPREDEP should be renewed for a further 12-month period irrespective of developments elsewhere in the theatre. He was currently not in a position to recommend definitive changes in the structure of the United Nations presence in the former Yugoslavia, or for the future of the United Nations Peace Forces headquarters in Zagreb, and would revert to the Council with appropriate recommendations once the situation became sufficiently clear.

4. The Secretary-General had submitted to the General Assembly a report containing the revised cost estimates for the period from 1 July to 31 December 1995 in respect of the combined operations (A/50/696/Add.1). Pending consideration of the report, the Secretary-General was requesting for the period after 30 November 1995 provision by commitment authorization at a monthly rate of $115,373,000 gross ($113,866,300 net) and the assessment of that amount to be offset by the unencumbered balance for the period ending 30 November 1995.

AGENDA ITEM 133: FINANCING OF THE UNITED NATIONS MISSION IN HAITI (continued)
(A/50/363 and Corr.1 and A/50/488)

5. Mr. TAKASU (Controller) recalled that, in its resolution 1007 (1995), the Security Council had extended the mandate of the United Nations Mission in Haiti (UNMIH) for a period of seven months, until February 1996, in order to achieve the objectives established in Council resolution 940 (1994). The report of the Secretary-General on the financing of UNMIH (A/50/363) contained the financial performance report of the Mission for the period from 1 August 1994 to 31 January 1995, the budget for the seven-month period from 1 August 1995 to 29 February 1996 and the monthly costs thereafter for the maintenance of the Mission. Given that the current commitment authority was due to expire on 30 November 1995, urgent action by the General Assembly was required.

6. Mr. LACLAUSTRA (Spain), speaking on behalf of the European Union and supported by Mr. BRISEID (Norway) and Mr. TOYA (Japan), said that the representative of the United States had declared before the Committee that his Government would not be able to pay more than 25 per cent of the cost of the financing of UNMIH or any other peace-keeping operation because national legislation prohibited it from doing so. The United States delegation nevertheless intended to join in the consensus for approving the draft resolutions for the financing of such operations.

7. In signing the Charter, Member States had assumed certain obligations which they must fulfil. In that connection, he wished to recall the principle of pacta sunt servanda, a fundamental rule of international law which stated that agreements must be observed. The European Union fully endorsed the opinion expressed by the Legal Counsel in the informal meetings held to discuss agenda item 133 that, as provided by Article 17 of the Charter, the expenses of the Organization were to be borne by the Members as apportioned by the General Assembly. Consequently, once the General Assembly had approved the budget for the UNMIH operation, Member States were obliged to bear the expenses of that operation as apportioned by the General Assembly. As matters currently stood, the General Assembly had determined that the portion of expenses to be borne by the United States for operations such as UNMIH was slightly more than 31 per cent. Unless the General Assembly took action to reduce that percentage, the United States Government was legally obligated under Article 17 of the Charter to pay at the existing rate determined by the General Assembly.

8. The European Union requested that the Legal Counsel should restate the opinion in a formal meeting so that his statement could be reflected in the summary records. It considered that the main cause of the serious financial situation of the United Nations, which required a global and balanced solution, was the fact that certain Member States lacked the political will to discharge the binding financial obligations which they had assumed upon subscribing to the Charter. Unilateral decisions adopted by Member States that were inconsistent with their financial obligations to the Organization were therefore not acceptable. In addition, by approving General Assembly resolutions on the financing of peace-keeping operations, Member States were committing themselves to fulfil their financial obligations in the amount established in the resolutions in question. Where a Member State failed to fully meet its financial obligations, its arrears would continue to grow and would eventually

exceed the limit established by Article 19 of the Charter. The European Union therefore called upon all Member States to pay their arrears and to meet their financial obligations to the Organization in full, on time and without conditions.

9. Mr. KUZNETSOV (Russian Federation) drew attention to the observation of the Advisory Committee contained in paragraph 7 of its report on the financing of UNMIH (A/50/488) that the performance report for the period from 1 February to 31 July 1995 had not been included in the report of the Secretary-General. The Advisory Committee had pointed out that its ability to assess the current UNMIH budget was hampered by the fact that the documentation submitted to it had been incomplete. In his delegation's view, those comments were equally applicable to the Fifth Committee's ability to take action on the draft resolution on the subject.

AGENDA ITEM 122: FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCES IN THE MIDDLE EAST (continued)

(a) UNITED NATIONS DISENGAGEMENT OBSERVER FORCE (continued) (A/C.5/50/L.5)

10. Mr. BLUKIS (Latvia), introducing draft resolution A/C.5/50/L.5 on behalf of the Chairman, said that, under its provisions the General Assembly would decide to appropriate to the Special Account for the United Nations Disengagement Observer Force (UNDOF) the amount of $16,065,498 gross for the operation of the Force for the period from 1 June to 30 November 1995, inclusive. It would authorize the Secretary-General to enter into commitments for UNDOF at a rate not to exceed $2,679,000 gross per month for a period up to seven months from 1 December 1995. The General Assembly would further decide, as an ad hoc arrangement, to apportion that amount among Member States in accordance with the composition of groups set out in paragraphs 3 and 4 of General Assembly resolution 43/232.

11. Mr. MENKVELD (Netherlands) noted certain discrepancies between the draft resolution currently before the Committee and the text originally agreed upon. He hoped that the text adopted by the Committee would conform to the original document.

12. Draft resolution A/C.5/50/L.5 was adopted.

13. Mr. MIRMOHAMMAD (Islamic Republic of Iran) said that, had a vote been taken on the draft resolution, his delegation would have abstained.

AGENDA ITEM 117: IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS (continued) (A/48/460 and Corr.1 and A/48/565 and Corr.1; A/50/484, A/50/502 and A/50/666 and Corr.1 and Add.1 and Add.1/Corr.1 and Add.2; A/C.5/50/4)

14. Mr. TELLO (Mexico) said that the report of the Secretary-General on improving the financial situation of the United Nations (A/50/666) confirmed that the financial difficulties facing the Organization were due to the failure of Member States to pay their assessed contributions in full and on time. To date, only 86 Member States had paid in full their assessed contributions to the regular budget. Factors that were beyond the control of Governments could

explain but not justify delays in the payment of contributions which were the Organization's only means of fulfilling the aims of the Charter and executing the mandates entrusted to it by Member States. In the area of peace-keeping operations, only five Member States had paid their contributions in full. As of 30 September 1995, the arrears of one Member State alone were equal to the Organization's entire annual regular budget.

15. While the United Nations had faced difficult financial situations throughout its history, the expanded scope of its activities, particularly in the area of peace-keeping, had exacerbated the problem in recent years. History had shown what damage could be done to the Organization by the withholding of payments or the lack of political will to fulfil the financial obligations derived from the Charter. Unilateral decisions to set limits on contributions were a violation of Article 17 of the Charter, which provided that the expenses of the Organization should be borne by the Members as apportioned by the General Assembly.

16. His delegation did not share the view that the financial situation of the Organization could be improved through the reapportionment of its expenses. If implemented, such a proposal would merely shift the financial burden from some countries to others without necessarily improving the cash-flow situation of the Organization. Moreover, in the context of the current critical financial situation, it was difficult to justify the proposals being made to forgive arrears or to suspend the application of Article 19 of the Charter without ascertaining the cost of such decisions for each Member State.

17. The Government of Mexico was in favour of a process of reform that would strengthen the Organization's capacity to maintain international peace and security and promote international cooperation. However, the provision of adequate funding was a necessary precondition for any such reform.

18. The Secretary-General had been obliged to borrow funds from the peace-keeping budget and to delay reimbursements to troop-contributing countries. Such delays had a particularly adverse impact on developing countries, some of which paid their assessed contributions from funds received from the Organization by way of troop reimbursements.

19. Despite Mexico's own financial difficulties, his Government had paid in full its assessed contribution to the regular budget. It had also paid 80 per cent of its assessed contribution for peace-keeping operations and hoped to pay off the outstanding balance within a short period. It intended to follow closely the discussions on the convening of a special session of the General Assembly to consider the Organization's financial crisis, as proposed by the Secretary-General.

20. Mr. NTONGA (Cameroon) said that the reports of both the Secretary-General and the High-level Open-ended Working Group on the Financial Situation of the Organization pointed to the extreme precariousness of United Nations financing owing to non-payment of assessed contributions. Some States had chosen not to pay for political reasons, while some had been unable to pay because of their own economic difficulties. Other States felt that their assessments were disproportionately high.

21. In the past, the Secretary-General had dealt with the deficit by borrowing at interest from the international financial institutions - even though such borrowing could jeopardize their neutrality and independence - or by suspending peace-keeping payments and reimbursements, which were now themselves more than a billion dollars in arrears.

22. A way should be found to reimburse debtor States in financial straits for any interest on bank loans. Also, the principle of capacity to pay and the other criteria used in calculating the scale of assessments required further study. Cameroon supported the High-level Working Group's recommendation that scales of assessment should be based on the capacity to pay and that the special circumstances of the economically less developed countries should be taken into consideration (A/49/43, para. 26). Any changes in methodology after the current scale had run its full course, especially those that affected the poorest African countries, should be made cautiously and fairly. All countries should pay their assessments in full, on time and without conditions. Cameroon had recently paid virtually all its arrears, despite the hardship such payment represented.

23. Ms. RODRIGUEZ ABASCAL (Cuba), endorsing the statements made on behalf of the Group of 77 and the Non-Aligned Movement, said that the reasons why Member States did not pay their assessments should be clearly distinguished. It was not mere rhetorical emphasis to say that the developing countries - regardless of their good will and sense of responsibility - faced a difficult choice between paying their debts to the Organization or attending to their own basic needs. The major contributor, on the other hand, was withholding its payments to achieve its own ends and was seeking to impose its own national legislation on the United Nations. It had used economic blackmail in the past to compel discussion or the adoption of measures of interest to it. The unilateral decision to reduce to 25 per cent its contribution to peace-keeping operations violated not only the Charter but also the principle that the permanent members of the Security Council had a special responsibility to finance such operations. Paradoxically, the presence of the United Nations Headquarters in New York brought extraordinary financial gains to that major contributor.

24. The vertiginous increase in peace-keeping operations in recent years had doomed any real possibility for many of the developing countries to contribute to them fully and on time. The system by which a small group of Security Council members could decide to establish peace-keeping operations, without first dispatching financial feasibility missions, had to be reconsidered.

25. Her delegation would welcome more information on the proposed special session of the United Nations to discuss financial problems, especially in view of the existence of the High-level Open-ended Working Group, which would reconvene early in 1996. The financial situation of the Organization should be discussed within the larger theme of the functioning of the United Nations, including the possible reform of the Security Council, not separately at a special session. Attempts to include proposals not approved by the High-level Open-ended Working Group in certain draft resolutions must be resisted, as they would jeopardize negotiations in that Group.

26. Mr. VALLE (Brazil), endorsing the statement made on behalf of the Group of 77, said that the root cause of the financial crisis that was having such an impact on the Organization's goals and activities was the failure of some Members to meet their obligations in full, promptly and unconditionally, thus creating a cash-flow crisis, whose cause was not to be found in the scale of assessment methodology.

27. His Government, against the backdrop of stern domestic measures to control public expenditures, had succeeded in paying its full contribution to the regular budget as well as the bulk of its contribution to peace-keeping budgets. Other States should do likewise.

28. All Members should strive to maintain a truly multilateral, democratic approach to the issues facing the Organization, including the financing of its activities in a stable and predictable manner, which had become the overriding priority. The accumulation of over $3 billion in outstanding contributions simply could not go on. There was no substitute for payment in full, on time and without conditions. The inability of certain developing countries to meet their financial obligations could not be likened to the deliberate withholding of assessed contributions. Therefore, his delegation could not support the adoption of measures aimed at shifting the financial burden of the Organization to developing countries. It also attached great importance to the principle of the special responsibility of the permanent members of the Security Council for the financing of peace-keeping operations.

29. Mr. MUÑOZ (Spain), speaking on behalf of the European Union, said that he welcomed the decision by the Russian Federation to repay all its arrears to the United Nations over a period of seven years. Such a decision demonstrated a real commitment to fiscal responsibility and, in the view of the European Union, set an example worthy of emulation by other countries faced with similar problems.

30. Mr. AMARI (Tunisia) announced that, having already paid in full Tunisia's assessed contribution to the regular budget, his Government was about to pay two thirds of its share of the peace-keeping budget, and hoped to pay the remaining third early in 1996.

31. Ms. ALMAO (New Zealand) asked whether the Secretariat intended to keep delegations informed regarding the ongoing financial crisis, over and above the monthly status-of-contributions reports.

32. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that the Secretariat intended, of course, to convey vital updated information regularly to the Fifth Committee. He drew attention to the latest report of the Secretary-General (A/50/666/Add.2), which had just been made available and which provided information on the financial situation as at 15 November 1995, along with detailed annexes on the status of contributions and cash-flow projections.

33. The Secretary-General's latest report showed that the financial crisis had not abated. Notwithstanding the much appreciated payment of prior and current assessments by a number of Member States, unpaid assessed contributions totalled $2.7 billion as at 15 November. Of that sum, $645.5 million related to the

regular budget and $2,038.1 million to peace-keeping operations. The major contributor owed 64 per cent of the former amount and 42 per cent of the latter, but no payments from that Member State were anticipated by the end of the year. Current cash-flow projections were for a large deficit of some $225 million in the General Fund at the end of 1995. The size of that deficit was unprecedented.

34. The peace-keeping accounts, because of loans made to cover the regular budget deficit, contained a usable cash base for peace-keeping of only $630 million at the end of the year. The requirements for peace-keeping activities for the first quarter of 1996 were estimated at some $600 million, and would have to be met largely from the cash now on hand in the peace-keeping accounts, because a number of missions had accumulated unencumbered balances totalling well over $200 million. Those balances were expected to be credited to Member States, and as a result would reduce the level of new assessments that would be approved and consequently the cash inflows for the next mandate. The United Nations borrowing capacity to cover regular budget activities would thus be severely limited. In addition, amounts owed to Member States for troop costs and contingent-owned equipment were projected to reach over $1 billion.

35. Not only was the size of the deficit at the end of 1995 unprecedented; the extent of the Organization's need to borrow from peace-keeping accounts to cover other mandated activities had also been unprecedented in 1995. In short, the financial situation had deteriorated to the point where immediate solutions were required.

36. Mr. AKAKPO-SATCHIVI (Secretary of the Committee) said that, given the importance of the issue, the consideration of agenda item 117 would not be concluded until September 1996.

The meeting rose at 4.35 p.m.

UNITED NATIONS

General Assembly

FIFTIETH SESSION

Official Records

FIFTH COMMITTEE
34th meeting
held on
Thursday, 30 November 1995
at 10 a.m.
New York

SUMMARY RECORD OF THE 34th MEETING

Chairman: Mr. VILCHEZ ASHER (Nicaragua)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

OTHER MATTERS

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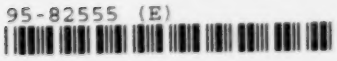

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The meeting was called to order at 10.15 a.m.

AGENDA ITEM 121: UNITED NATIONS COMMON SYSTEM (continued) (A/50/30; A/C.5/50/5, A/C.5/50/11, A/C.5/50/23, A/C.5/50/24 and Corr.1 and A/C.5/50/29)

1. Mr. FOWLER (Canada) said that his delegation would appreciate further information on the changes in the methodology used to compare the common system with the comparator. It did not agree with the decision by the International Civil Service Commission (ICSC) to calculate the margin by using a method of equal weighting. The dominance of the General Schedule scale in the United States was an essential feature of the comparator, and to distort it, as ICSC had done, undermined the basis for comparison. Moreover, the Commission had failed to apply the same approach to Germany as a potential comparator. The same methodology must be applied to prospective comparators if a valid comparison was to be made. His delegation also disagreed with the decision to include bonuses in the methodology.

2. The post adjustment system operated not only to compensate for price differentials between duty stations but also as a cost-of-living adjustment mechanism. Since New York was the base city, increases in the New York post adjustment index should not be automatic but should require General Assembly approval. In the current circumstances an adjustment was not justifiable.

3. The fundamental difference over the grade equivalency study and remuneration comparisons between ICSC and Germany must be resolved before action could be taken on the study. His delegation felt strongly that many Secretariat positions were overclassified in comparison with the Canadian system. A comprehensive review of post classifications and classification standards should take place before there was any change of comparator or any increase in base salaries. An outside consultant could be used to ensure impartiality.

4. It was time to review the Noblemaire and Flemming principles and the way they were used to determine United Nations salaries. The current system produced significant anomalies and there appeared to be little benefit from promotion. The problems of inefficiency, ineffectiveness, insufficient accountability and responsibility must be addressed before any adjustments to the salary scale were considered. The current proposals would result in across-the-board increases to excellent performers and underperformers alike.

5. His delegation had seen no significant evidence of recruitment and retention problems, despite the claim that the Organization was an uncompetitive employer. It wished to know, for the past three years, for each category level, and for the system as a whole, how many employees had been lost to higher paying employers and how many vacancy announcements had failed to obtain a response from qualified applicants. Salary increases should be considered only for categories that were clearly uncompetitive; special occupational groups and pay scales might be established. The question of whether the system was competitive in terms of performance in comparison with the private sector, non-governmental organizations and Member States must also be considered.

6. His delegation did not support the proposals that ICSC should be transformed into a tripartite body. That would make it a representative forum. The Commission should remain a technical and advisory body.

7. Once the United Nations system had completed its rationalization and restructuring, it might be time to look at the overall remuneration package, including the high differentials which existed for staff in the lower grades. Until that time his delegation was in favour of a complete freeze on United Nations salaries, particularly since the Canadian civil service was subject to a pay freeze. Acceptance of the ICSC recommendations would have a negative impact across the whole system in terms of programme delivery since most organizations had already adopted their budgets for the next two years. That was not acceptable: ever scarcer funds should be spent on programmes.

8. The Commission had made its recommendations from a technical standpoint without considering real world factors. The Committee must now take into account other factors such as the financial crisis. It was difficult to see how a salary increase could be considered in an Organization which had been declared bankrupt by its chief administrative officer and which had suspended reimbursement to troop contributors. Given the desperate shortage of cash, his delegation was unable to support the recommendations of ICSC.

9. Mr. ALOM (Bangladesh) said that the creation of an appropriate human resources environment was crucial to ensuring efficiency. He welcomed the continued efforts to enhance cost-effectiveness, administrative efficiency and accountability, and to eliminate duplication. The role of ICSC was paramount in that regard, and his delegation had full confidence in the Commission. With regard to the proposals concerning the restructuring of ICSC, he welcomed efforts to promote a more transparent and more participatory and consultative process. In that connection, he regretted the boycott of the Commission by the staff associations. The active participation of all parties was clearly beneficial to the system as a whole.

10. His delegation supported the United Nations common system as a coherent framework for system management. In order to be more productive, the system should be restructured so as to be able to respond readily to new situations and improve cost-effectiveness.

11. Competitive working conditions must also be upheld to maintain competence and to attract new staff. The Noblemaire principle remained the most rational basis for the determination of conditions of service, and it was unfortunate that ICSC had yet to complete its study on the subject; he hoped that it would be available before the beginning of the fifty-first session. His delegation concurred in principle with the Commission's recommendation that the General Assembly might wish to reconfirm the applicability of the Noblemaire principle based upon the use of periodic checks to determine the highest-paid civil service and the use of a margin range that was appropriate in relation to the value of expatriate benefits (A/50/30, para. 89 (b)).

12. His delegation looked forward to a constructive discussion of the Commission's recommendations regarding the competitiveness of conditions of

service. That debate would, of course, be academic unless Member States paid their assessed contributions.

13. Mr. JULL (Australia) said that there was a need for a competitive international service and for ongoing personnel rationalization and reform. A central priority of the common system was the maintenance of a framework which offered competitive conditions of service, had the capacity to attract and retain staff of the necessary calibre and the flexibility to respond to the needs of particular agencies and demanded and rewarded excellence in accordance with Article 101 of the Charter, which called for the highest standards of efficiency, competence, and integrity. His delegation was not, however, convinced that the common system was uncompetitive, and was not aware of widespread recruitment and retention problems. In the light of the divergent views on the subject, however, it might be appropriate for recruitment and retention trends to be monitored.

14. The issue of remuneration could not be separated from enhanced productivity. The system must achieve more with fewer human resources, through improved performance management and administrative reform. Much still remained to be done in terms of human resources reform within the common system, and it would therefore be premature to reward common system employees with a substantial salary increase.

15. With respect to the margin methodology, his delegation disagreed with the adoption of equal weights for the various United States pay scales instead of a weighted average based on the number of employees in each pay scale. Moreover, the inclusion of bonuses and performance awards in the determination of the salary margin appeared peculiar at best. Accordingly, his delegation could not accept the Commission's recommendation for a weighted average salary increase of approximately 9.2 per cent. A modest increase of 3.1 per cent in net base/floor salary to reflect the comparator's gross salary adjustment of 1 January 1995 would, however, be acceptable. His delegation supported the concept of specialist remuneration categories.

16. The Charter requirement that conditions of service should be such as to secure staff of the highest calibre remained a constant, although his delegation did not think it necessary to offer the most attractive conditions of service in order to recruit the best human resources. Such intangible factors as prestige and the opportunity to influence world affairs should not be underestimated. Administrative reform within the system would enhance the perception that the United Nations system offered significant job satisfaction. The Secretary-General should therefore accelerate the establishment of a long-term strategy which would ensure that conditions of service in the common system fully reflected the global labour market.

17. With respect to the proposals for the reform of ICSC, his delegation valued the Commission's independence and impartiality. Any recommendation should be considered from that perspective. The Commission should, however, continue to pursue reform in order to carry out its mandates effectively and efficiently.

18. Mr. SHIN (Republic of Korea) said that his delegation, which was firmly convinced that a qualified and dedicated staff formed the backbone of any

successful organization, agreed with the Secretary-General's view that the United Nations must strive to develop its human resources by maintaining competitiveness in all areas of employment.

19. With regard to the report of ICSC (A/50/30), he said that his delegation recognized the value of the Noblemaire principle and appreciated the Commission's efforts to review the issue of margin management. In view of the finding that the remuneration packages offered to the staff of the Bretton Woods institutions and the Organisation for Economic Cooperation and Development and to the national civil services of Germany and Switzerland were better than those offered to the federal civil service of the United States of America, the current comparator, appropriate action should be taken to ensure competitive salaries for the international staff of the common system. Issues of performance management and enhanced cost-effectiveness within the United Nations common system should not, however, be overlooked.

20. His delegation regretted that ICSC had made no recommendation regarding the post adjustment system and hoped that recommendations on ways to improve the maintenance and functioning of the system would be submitted to the General Assembly at its fifty-first session.

21. The idea of converting ICSC into a tripartite mechanism should be carefully reviewed. A body which represented interest groups might jeopardize the consultative process unless effective management was ensured. The Commission should retain a distinctly technical character in accordance with article 6 of its statute.

22. His delegation did not support the Secretary-General's decision to suspend permanent and probationary appointments. Young staff members who had been recruited by the United Nations through competitive national examinations and were hoping for permanent contracts after their probationary period would be greatly frustrated by that decision, which would neither improve the short-term cash-flow situation nor contribute to a sound management culture. The decision should therefore be revoked as soon as possible.

23. Mr. BADAL (Nepal) said it was regrettable that the consultative process of ICSC had not been restored. It was to be hoped that all parties concerned would show increased understanding and flexibility in the future.

24. His delegation welcomed the measures taken by ICSC to enhance its effectiveness and to promote transparency of its working methods. It was, however, hesitant about altering the existing structure by introducing a mechanism that was incompatible with the Commission's statute. As an alternative, it suggested that the tenure of members of ICSC should be limited to two full terms; that would allow new members to serve on a rotational basis. Such an arrangement would eventually allay any suspicions of politicization and of perpetual dominance by some members.

25. Expressing support for the Noblemaire principle, he said that his delegation was prepared in principle to accept a change of comparator if the current comparator lagged appreciably behind a potential alternative. That was not yet the case, however. His delegation was not convinced that the existing

United Nations salary structure was the major impediment to recruitment of the best candidates. Moreover, a frequent change of comparators would jeopardize the stability of the system and the idea of a basket of comparators had not yet secured wide support.

26. Compelling reasons would have to be adduced before any change in the methodology for determining the salary structure of the common system could be contemplated. Any rise in salary for United Nations staff should be in line with the current increase of 3.22 per cent in the gross remuneration of the comparator. The Organization's financial situation could not absorb the 9.2 per cent increase that was being recommended. Referring to the adverse impact of the withholding of contributions by some Member States, he said that it was essential to ensure sufficient funds to cover any salary increase and to establish a reliable financial base through palpable reforms, efficiency gains and the abolition of redundancies.

27. Mr. FATTAH (Egypt) noted that the Secretary-General and ICSC concurred in the view that the salaries offered by the organizations of the United Nations common system were no longer competitive in relation to those offered by other international organizations. His delegation fully supported the proposal for an increase in salaries, despite the general trend towards retrenchment, and was ready to adopt the ICSC recommendations, which would bring the current margin to the mid-point of its range and correct imbalances in the salary scale. The additional financial cost to Member States of $38 million for the biennium 1996-1997 was very reasonable if it ensured that the staff continued to meet the highest standards, as required by Article 101 of the Charter.

28. The proposed restructuring of ICSC could alter the very nature of the Commission, by detracting from its independence and impartiality and turning it into a negotiating body representing interest groups. It would also be inconsistent with article 6 of the Commission's statute. His delegation therefore took the view that ICSC should continue to be composed of elected representatives drawn from the entire membership of the Organization but acting in an individual capacity. Ways could be found to accommodate the views of the staff representatives without violating the Commission's statute.

29. Mr. KILO (Cameroon) said his delegation believed that ICSC needed to streamline its complex bureaucracy and take action to improve its effectiveness. It therefore welcomed the Commission's efforts to promote transparency in its working methods and noted with satisfaction the establishment of a consultative process involving representatives of the organizations and of staff.

30. Member States took the view that the conditions of service of United Nations staff should be the fundamental concern of ICSC, especially in the light of Article 101 of the Charter, which demanded the highest standards of efficiency and competence. Moreover, in order to function effectively and smoothly, the Commission should be composed of elected representatives drawn from the membership of the United Nations but acting in an individual capacity.

31. His delegation strongly supported the Noblemaire principle. Although it believed that the time was ripe to question the appropriateness of using the United States federal civil service as the comparator, it was prepared to go

along with a modified form of the current system inasmuch as the salary scale in question was still among the highest in the world. However, it advised ICSC to continue to monitor trends in other civil service salary structures.

32. The Secretary-General had stated unequivocally that the salaries offered by the organizations of the United Nations common system were no longer competitive in relation to those offered by other international organizations and had called for action to redress the situation. His delegation believed that it was incumbent on Member States to provide additional funding for salary increases, despite the financial crisis.

33. Mr. DROZDOV (Ukraine) said that his delegation did not fully agree with the recommendations contained in the report of ICSC (A/50/30). In particular, it disagreed with the Commission's interpretation of the Noblemaire principle, which required that competitive conditions of service should be provided in the organizations of the United Nations system but did not require salaries to keep pace with the highest salary scales in the world. Success in recruiting highly qualified staff and management depended to a large extent on proper recruitment policies in accordance with Article 101 of the Charter. Effective action to attain the desirable ranges designed to ensure equitable geographical representation in the secretariats, including the fair distribution of high-level posts, would go a long way towards solving the problem of a competitive international service. His delegation could not agree with any approach that distorted the essence and impact of the Noblemaire principle and was convinced that the United States federal civil service was the only adequate comparator.

34. The purely arithmetical approach used by ICSC in recommending an increase in remuneration for the Professional and higher categories of staff was questionable. Some delegations, particularly those of the Russian Federation and Canada, had draw attention to methodological errors in that approach which should not be ignored.

35. Following the announcement of a freeze on recruitment, despite the fact that the attraction of new talent was a cornerstone of personnel policy, his delegation was surprised to note that the Secretary-General and other executive heads of organizations of the common system supported the ICSC recommendations for an increase in the remuneration of international civil servants. In view of the current financial crisis and the existing distortions in the scale of assessments, Ukraine was unable to endorse proposals that might result in an increase in expenditure related to its membership of international organizations.

36. His statement should not be viewed as an expression of distrust in the activities of ICSC. His delegation supported the Commission's fundamental role in the United Nations common system as an independent body of experts. However, ICSC should be protected from outside pressure and should not be subject to influence by the constituent bodies of the common system.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (A/50/3 and Add.1 (chapters I, IX, XII and XIV))

37. The CHAIRMAN said that if there was no objection he would take it that the Committee wished to recommend to the General Assembly that it should take note of the chapters of the report of the Economic and Social Council that had been allocated to the Fifth Committee (A/50/3 and Add.1 (chapters I, IX, XII and XIV)).

38. It was so decided.

OTHER MATTERS

39. The CHAIRMAN said that the representative of Spain, speaking on behalf of the European Union at an informal meeting the previous day, had requested that the Legal Counsel should be invited to restate at a formal meeting of the Committee the opinion that he had given at an informal meeting concerning the unilateral decision by the United States of America to reduce its assessed contribution to peace-keeping operations to 25 per cent. If there was no objection, he would take it that the Committee wished to accede to that request.

40. It was so decided.

The meeting rose at 11.25 a.m.